

II. Analysis of Comparative Demographics

Public assembly facilities, specifically arenas and stadiums, have undergone extensive changes over the last several years. Today the economic viability of an arena or stadium is interrelated with the revenue generating capabilities of its host market, event mix, anchor tenant(s), and facility management. Further, the strength of any one facility is dependent on the number and type of competing venues in the marketplace. With the increasing development of new state-of-the-art stadiums, multiple stadiums are now operating in the same marketplace and sometimes competing for common events. With the construction of a new baseball stadium for the Mariners underway, Seattle will similarly possess multiple major league-stature stadiums in the near future.

The strength of the Seattle area in terms of economic and demographic attributes is a primary determinant of the ability of the area to successfully sustain multiple facilities and is the first step in analyzing the continuing viability of the Kingdome. Specifically, the strength of the Seattle area economic and demographic variables will provide an indication of the Kingdome's future ability to procure events and draw event attendees and spectators. As such, a detailed analysis is presented comparing the Seattle area's economic and demographic attributes to other metropolitan areas possessing large domed stadiums.

Economic and Demographic Analysis of Comparable Markets

The size, demographics, and growth potential of the Seattle area was assembled and compared to nine other similar markets to gain an indication of the relative strength of the Seattle market. Similar markets were defined as other metropolitan areas possessing and operating large domed stadiums. Since event promoters typically examine the size, demographics, and growth potential of a community when selecting appropriate markets for their events, Seattle's relative strength compared to similar markets can provide an indication of Seattle's ability to procure events. Additionally, the size, demographics, and growth potential of the Seattle area can also provide an indication of the ability of the area to draw event attendees and spectators.

As the demographic statistics utilized for the market demographic analysis performed as part of this engagement are not internationally standardized, only U.S. markets were considered. As part of the comparable market analysis, four exhibits were developed presenting various economic and demographic variables for each of the markets analyzed.

General market demographic variables for comparable markets are presented in Exhibits II-1 through II-4. When reviewing metropolitan areas, the largest urban area as defined by the U.S. Office of Management and Budget is used for each market. Based on our experience, the utilization of metropolitan areas, as opposed to Metropolitan Statistical Areas (MSAs), provides a more accurate representation of the urban market area in total. Specifically, population dense areas such as many east coast cities possess contiguous urban areas that often tend to be

insufficiently represented by only the MSA. The metropolitan area used for the Seattle market comprises the counties of Island, King, Kitsap, Pierce, and Snohomish.

Exhibits II-1 through II-4 present a summary of selected demographic statistics for metropolitan areas possessing domed stadiums. Demographic variables considered as a part of this analysis include the following:

- total population;
- total number of households;
- total EBI;
- average household EBI;
- total retail spending;
- total retail spending per household;
- cost of living; and
- adjusted average household EBI.

EBI represents the level of disposable income in the market, and provides an indication of an area's ability to incur the costs associated with attending spectator events. As outlined in Exhibits II-1 through II-3, the Seattle metropolitan area contains approximately 3.3 million people and 1.3 million households, has a total effective buying income (EBI) of \$62 billion, an average household EBI of \$48,500 total retail spending of \$32 billion, and total retail sales per household of \$24,900. The average comparable market possesses a total population of approximately 2.8 million, 1.1 million households, a total EBI of \$45.7 billion, an average household EBI of \$42,500 total retail spending of \$27 billion, and total retail sales per household of \$25,900.

Further, as presented in Exhibits II-4, the Seattle market has an approximate cost of living index of 115 (with 100 being the U. S. average), compared to 101 for the comparable markets. Exhibit II-4 also presents average household EBI adjusted for the cost of living, which tends to be a more accurate representation of purchasing power within a market than unadjusted EBI. As shown in Exhibit II-4, the Seattle market has an adjusted household EBI of approximately \$42,200 compared to a \$42,400 average for similar markets.

The following table summarizes demographic statistics of comparable metropolitan areas with the Seattle metropolitan area:

Table II-1

Summary of Comparable Market Metropolitan Area Demographics

<i>Demographic Variables</i>	<i>Seattle</i>	<i>Average</i>	<i>High</i>	<i>Low</i>
Population	3,299,100	2,803,650	5,281,500	1,317,600
Households	1,277,300	1,050,410	1,958,800	482,900
Total EBI (000's)	\$61,977,800	\$45,683,750	\$83,944,800	\$17,723,400
Average Household EBI	\$48,529	\$42,547	\$48,529	\$36,712
Adjusted Household EBI	\$42,199	\$42,428	\$48,813	\$37,015
Retail Spending (000's)	\$31,749,300	\$27,369,440	\$52,566,500	\$12,152,700
Retail Sales per Household	\$24,869	\$25,890	\$27,422	\$24,595
Cost of Living Index	115	101	115	92

Source: Exhibits II-1 through II-4.

As indicated by the Table II-1, Seattle ranks higher than comparable market averages in terms of population, households, total EBI, average household EBI, and total retail spending. However, the adjusted household EBI for Seattle is similar to the comparable market average, primarily due to Seattle possessing the highest Cost of Living Index among comparable markets. In addition, Seattle's retail sales per household are slightly lower than comparable market averages. It should be noted that these particular demographic variables are largely a function of total population and the Seattle area population is expected to rise 6.3 percent, compared to a 5.5 percent average increase of comparable markets reviewed.

Summary

The economic and demographic attributes of the Seattle area are comparable to other metropolitan markets operating or possessing large domed stadiums. Further, the Seattle area total population, total number of households, total EBI, average household EBI, total retail spending, and total retail sales per household figures are all expected to rise at faster rates than comparable market averages over the next five years. The economic and demographic outlook for the Seattle area appears to be favorable when compared to the average comparable market reviewed.